

Suzanne Henderson

FORT WORTH SPINKS AIRPORT
GROUND LEASE AGREEMENT

This **GROUND LEASE AGREEMENT** ("Lease") is made and entered into by and between the **CITY OF FORT WORTH** ("Lessor"), a home rule municipal corporation situated in Tarrant, Denton, and Wise Counties, Texas acting by and through Tom Higgins, its duly authorized Assistant City Manager, and **Spinks East Side Executive Hangars, Inc.** ("Lessee"), a Texas Corporation acting by and through, Darrell Clendenen, its duly authorized Managing Member. Lessor and Lessee are collectively referred to herein as the "**Parties.**"

RECITALS:

WHEREAS, on or about July 8, 2004, Lessor and **Spinks Air Associates, LLC.**, ("**Previous Lessee**") entered into City Secretary Contract ("CSC") No. 30198, as amended by CSC No. 32139, an unimproved ground lease agreement with mandatory improvements for approximately 103,482 square feet of unimproved ground (collectively the "**Previous Lease**"); and

WHEREAS, Darrell Clendenen is the duly authorized Managing Member of both Spinks Air Associates, LLC and Spinks East Side Executive Hangars, Inc.

WHEREAS, the Previous Lessee has requested, and the Lessor has agreed, to release Fifty Four Thousand Six Hundred (54,600) square feet of ground, including two Executive Hangar Buildings, know and referred to as 12525 Wildcat Way North Units A through F inclusive and 12517 Wildcat Way North Units A through J inclusive, hereinafter collectively referred to as "Executive Hangar Buildings" from the Previous Lease to be separated from the leasehold ("**Released Property**") and leased to the Lessee; and

WHEREAS, due to the investment and improvements already completed under the Previous Lease, the Previous Lessee has requested, and Lessor has agreed to lease the Released Property to Lessee at the unimproved ground rate.

AGREEMENT:

In consideration of the mutual covenants, promises and obligations contained herein, the Parties agree as follows:

1. PROPERTY LEASED.

Lessor hereby demises to Lessee approximately Fifty Four Thousand Six Hundred (54,600) square feet of ground space, including two Executive Hangar Buildings, at Fort Worth

Spinks Airport ("Airport") in Fort Worth, Tarrant County, Texas, ("Premises"), as shown in Exhibit "A," attached hereto and hereby made a part of this Lease for all purposes.

2. TERM OF LEASE.

2.1. Initial Term.

The Initial Term of this Lease shall commence on the date of execution by both parties ("**Effective Date**") and expire at 11:59 P.M. on December 31, 2038, unless terminated earlier as provided herein.

2.2 Renewals.

If Lessee performs and abides by all provisions and conditions of this Lease, upon expiration of the Initial Term of this Lease, Lessee shall have two (2) consecutive options to renew this Lease for two (2) additional successive terms of five (5) years each (each a "**Renewal Term**") at a rental rate calculated in accordance with Section 3.1 and 3.2 of this Lease. Lessee shall notify Lessor in writing of its intent to exercise a respective option not less than ninety (90) nor more than one hundred eighty (180) days prior to the expiration of the term then in effect. If Lessee does not exercise its option for a first Renewal Term within the time frame provided herein, Lessee shall automatically and simultaneously forfeit its second option to lease the Premises for a second Renewal Term, and Lessee shall no longer have any rights or interest in the Premises following the expiration of the Initial Term.

2.3. Holdover.

If Lessee holds over after the expiration of the Initial Term or any Renewal Term, this action will create a month-to-month tenancy. In this event, for and during the holdover period, Lessee agrees to pay all applicable rentals, fees and charges at the rates provided by Lessor's Schedule of Rates and Charges or similarly published schedule in effect at the time.

3. RENT.

3.1. Annual Rent for Premises.

Lessee shall commence the payment of rent, in accordance with this Section 3, on the date of Execution Date of this lease. From the Execution Date until September 30, 2008, Lessee shall pay Lessor rent in the amount of Eight Thousand Seven Hundred Thirty Six Dollars and 00/100 (\$8,736.00) which is based on a rental rate \$0.16 per square foot on an annual basis, and which will be payable in monthly installments of Seven Hundred Twenty Eight Dollars and 00/100 (\$728.00).

3.2. Rent Adjustments.

On October 1, 2008, and on October 1st of each year thereafter during both the Initial Term and any Renewal Term, Lessee's rental rate shall be subject to increase by Lessor to reflect the upward percentage change, if any, in the Consumer Price Index ("CPI") for the Dallas/Fort Worth Metropolitan Area, as announced by the United States Department of Labor or successor agency (i), for the first increase, since the Effective Date of this Lease and (ii) for each subsequent increase, since the effective date of the last increase; provided, however, that Lessee's rental rates shall not exceed the then-current rates prescribed by Lessor's published Schedule of Rates and Charges for the type or types of property at the Airport similar to the type or types of property that comprise the Premises.

3.3. Five-Year Adjustments.

In addition to the Annual Rent Adjustments, on October 1, 2018, and every fifth (5) year thereafter for the remainder of the Initial Term (i.e. on October 1st of 2023, 2028 and 2033), rent shall automatically be adjusted to equal the then-current rates prescribed by the Schedule of Rates and Charges for the type or types of property at the Airport similar to the type or types of property that comprise the Premises.

3.4. Payment Dates and Late Fees.

Monthly rent payments are due on or before the first (1st) day of each month. Payments must be received during normal working hours by the due date at the location for Lessor's Aviation Department set forth in Section 14. Rent shall be considered past due if Lessor has not received full payment after the tenth (10th) day of the month for which payment is due. Without limiting Lessor's termination rights as provided by this Lease, Lessor will assess a late penalty charge of ten percent (10%) per month on the entire balance of any overdue rent that Lessee may accrue.

4. UTILITIES.

Lessee, at Lessee's sole cost and expense, shall be responsible for the installation and use of all utilities service to all portions of the Premises and for all other related utilities expenses, including, but not limited to, deposits and expenses required for the installation of meters. Lessee further covenants and agrees to pay all costs and expenses for any extension, installation, maintenance or repair of any and all utilities serving the Premises, including, but not limited to, water, sanitary sewer, electric, gas and telephone utilities. In addition, Lessee agrees that all utilities, air conditioning and heating equipment and other electrically-operated equipment which may be used on the Premises shall fully comply with Lessor's Mechanical, Electrical, Plumbing, Building and Fire Codes ("Codes"), as they exist or may hereafter be amended.

5. MAINTENANCE AND REPAIRS.

5.1. Maintenance and Repairs by Lessee.

Lessee agrees to keep and maintain the Premises in a good, clean and sanitary condition at all times. Lessee covenants and agrees that it will not make or suffer any waste of the Premises. Lessee will, at Lessee's sole cost and expense, make all repairs necessary to prevent the deterioration in condition or value of the Premises, including, but not limited to, the maintenance of and repairs to all structures, including, but not limited to, doors, windows and roofs, and all fixtures, equipment, modifications and pavement on the Premises. Lessee shall be responsible for all damages caused by Lessee, its agents, servants, employees, contractors, subcontractors, licensees or invitees, and Lessee agrees to fully repair or otherwise cure all such damages at Lessee's sole cost and expense.

Lessee agrees that, except as otherwise expressly provided herein, all improvements, trade fixtures, furnishings, equipment and other personal property of every kind or description which may at any time be on the Premises shall be at Lessee's sole risk or at the sole risk of those claiming under Lessee. Lessor shall not be liable for any damage to such property or loss suffered by Lessee's business or business operations, which may be caused by the bursting, overflowing or leaking of Lessee's sewer or steam pipes, from water from any source whatsoever, or from any heating fixtures, plumbing fixtures, electric wires, noise, gas or odors, or from causes of any other matter.

5.2. Compliance with ADA.

Lessee, at its sole cost and expense, agrees to keep and maintain the Premises in full compliance at all times with the Americans with Disabilities Act of 1990, as amended ("ADA"). In addition, Lessee agrees that all improvements it makes at the Airport shall comply with all ADA requirements.

5.3. Inspection.

5.3.1. Lessor shall have the right and privilege, through its officers, agents, servants or employees, to inspect the Premises. Except in the event of an emergency, Lessor shall conduct during Lessee's ordinary business hours and shall use its best efforts to provide Lessee at least two (2) hours notice prior to inspection.

5.3.2. If Lessor determines during an inspection of the Premises that Lessee is responsible under this Lease for any maintenance or repairs, Lessor shall notify Lessee in writing. Lessee agrees to begin such maintenance or repair work diligently within thirty (30) calendar days following receipt of such notice and to then complete such maintenance or repair work within a reasonable time, considering the nature of the work to be done. If Lessee fails to begin the recommended maintenance or repairs within such time or fails to complete the

maintenance or repairs within a reasonable time, Lessor may, in its discretion, perform such maintenance or repairs on behalf of Lessee. In this event, Lessee will reimburse Lessor for the cost of the maintenance or repairs, and such reimbursement will be due on the date of Lessee's next monthly rent payment following completion of the maintenance or repairs.

5.3.3. During any inspection, Lessor may perform any obligations that Lessor is authorized or required to perform under the terms of this Lease or pursuant to its governmental duties under federal state or local laws, rules or regulations.

5.3.4. Lessee will permit Lessor's Fire Marshal or his or her authorized agents to inspect the Premises and Lessee will comply with all requirements of the Fire Marshal or his or her authorized agents that are necessary to bring the Premises into compliance with the City of Fort Worth Fire Code and Building Code provisions regarding fire safety, as such provisions exist or may hereafter be amended. Lessee shall maintain in proper condition accessible fire extinguishers of a number and type approved by the Fire Marshal or his or her authorized agents for the particular hazard involved.

5.4. Environmental Remediation.

To the best of Lessor's knowledge, the Premises comply with all applicable federal, state and local environmental regulations or standards. Lessee agrees that it has inspected the Premises and is fully advised of its own rights without reliance upon any representation made by Lessor concerning the environmental condition of the premises.

LESSEE, AT ITS SOLE COST AND EXPENSE, AGREES THAT IT SHALL BE FULLY RESPONSIBLE FOR THE REMEDIATION OF ANY VIOLATION OF ANY APPLICABLE FEDERAL, STATE OR LOCAL ENVIRONMENTAL REGULATIONS OR STANDARDS THAT IS CAUSED BY LESSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS OR INVITEES.

6. CONSTRUCTION AND IMPROVEMENTS.

6.1 Discretionary Improvements.

Lessee may, at its sole discretion, perform modifications, renovations or improvements on the Premises in addition to those already in existence. However, Lessee may not initiate any kind of modification, renovation or improvement on or to the Premises unless it first submits all plans, specifications and estimates for the costs of the proposed work in writing and also requests and receives in writing approval from the Director of Airport Systems or authorized designee. Lessee covenants and agrees that it

shall fully comply with all provisions of this Section 6 in the performance of any such discretionary modifications, renovations or improvements.

6.2. Process for Approval of Plans.

Lessee's plans for construction and improvements shall conform with the Airport's architectural standards and must also receive written approval from Lessor's Departments of Development, Engineering and Transportation and Public Works. All plans, and specifications for the Mandatory Improvements shall be submitted to all governmental agencies within three (3) months of the execution of this Lease and all work shall conform to all federal, state and local laws, ordinances, rules and regulations in force at the time that the plans are presented for review.

6.3. Documents.

Lessee shall supply the Director of Airport Systems or authorized designee with comprehensive sets of documentation relative to any modification, renovation, construction or improvement, including, at a minimum, as-built drawings of each project. As-built drawings shall be new drawings or redline changes to drawings previously provided to the Director of Airport Systems or authorized designee. Lessee shall supply the textual documentation in computer format as requested by Lessor.

6.4. Bonds Required of Lessee.

Prior to the commencement of any discretionary modification, renovation, improvement or new construction, Lessee shall deliver to Lessor a bond, executed by a corporate surety in accordance with Texas Government Code, Chapter 2253, as amended, in the full amount of each construction contract or project. The bonds shall guarantee (i) satisfactory completion by Lessee of the respective modifications, renovations, construction projects or improvements, and (ii) full payments to all persons, firms, corporations or other entities with whom Lessee has a direct relationship for the performance of such modifications, renovations, construction projects or improvements.

In lieu of the required bond, Lessee may provide Lessor with a cash deposit or an assignment of a certificate of deposit in an amount equal to 125% of the full amount of each construction contract or project. If Lessee makes a cash deposit, Lessee shall not be entitled to any interest earned thereon. Certificates of deposit shall be from a financial institution in the Dallas-Fort Worth Metropolitan Area which is insured by the Federal Deposit Insurance Corporation and acceptable to Lessor. The interest earned on the certificate of deposit shall be the property of Lessee and Lessor shall have no rights in such interest. If Lessee fails to complete the respective modifications, renovations, construction projects or improvements, or if claims are filed by third parties on grounds relating to such modifications, renovations, construction projects or improvements, Lessor shall be entitled to draw down the full amount of Lessee's cash deposit or certificate of deposit.

6.5. Bonds Required of Lessee's Contractors.

Prior to the commencement of any modification, renovation, improvement or new construction, Lessee's respective contractor shall execute and deliver to Lessee surety performance and payment bonds in accordance with the Texas Government Code, Chapter 2253, as amended, to cover the costs of all work performed under such contractor's contract for such modifications, renovations, improvements or new construction. Lessee shall provide Lessor with copies of such bonds prior to the commencement of such modifications, renovations, improvements or new construction. The bonds shall guarantee (i) the faithful performance and completion of all construction work in accordance with the final plans and specifications as approved by the City and (ii) full payment for all wages for labor and services and of all bills for materials, supplies and equipment used in the performance of the construction contract. Such bonds shall name to both Lessor and Lessee as dual obligees. If Lessee serves as its own contractor, Section 6.5 shall apply.

6.6. Releases by Lessor Upon Completion of Construction Work.

Lessor will allow Lessee a dollar-for-dollar reimbursement from its cash deposit account or reduction of its claim upon Lessor's certificate of deposit upon (i), where Lessee serves as its own contractor, verification that Lessee has completed construction work or (ii), where Lessee uses a contractor, receipt of the contractor's invoice and verification that the contractor has completed its work and released Lessee to the extent of Lessee's payment for such work, including bills paid, affidavits and waivers of liens.

6.7 Construction Financing

As part of the construction of Improvements, Lessee may encumber its leasehold interest in the Premises to a Lender furnishing construction financing to Lessee (or permanent financing in an amount equal to the greater of: (i) the construction loan principal amount or (ii) an amount which reimburses Lessee for the costs of construction including permits, mitigation fees and construction interest), provided that Lessor's City Council has consented to such encumbrance by executing a Consent of Hypothecation or similar document (the "Lessor's Consent") in the form attached hereto as Exhibit "B" or other form acceptable to Lessor. In the event Lessee so desires to encumber its leasehold interest in the Premises, Lessor's staff will utilize its best efforts to recommend that the City Council approve such encumbrance within forty-five (45) days of submittal to the Lessor, and such approval shall not be unreasonably withheld or denied. The term "Approved Encumbrance" shall mean an encumbrance approved by the Lessor's City Council by way of written Consent. The term "LENDER" shall mean the owner and holder of an Approved Encumbrance.

7. USE OF PREMISES.

Lessee hereby agrees to use the Premises solely for aviation-related purposes only and strictly in accordance with the terms and conditions of this Lease. Lessee shall have the right to sublease portions of the Premises, including individual hangars, to various third parties ("**Sub lessees**") under terms and conditions acceptable to and determined by Lessee, provided that all such arrangements shall be in writing, and shall be approved in advance by Lessor as to form, and shall expressly incorporate by reference all limitations, restrictions, and conditions upon the use of the Premises contained in this Lease.

8. SIGNS.

Lessee may, at its sole expense and with the prior written approval of the Director of Airport Systems or authorized designee, install and maintain signs on the Premises related to Lessee's business operations. Such signs, however, must be consistent with the size, color, location and manner of display of other signs at the Airport. Lessee shall maintain all signs in a safe, neat, sightly manner and physically good condition.

9. RIGHTS AND RESERVATIONS OF LESSOR.

Lessor hereby retains the following rights and reservations:

9.1. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, including, but not limited to, the right to prevent Lessee from erecting or permitting to be erected any building or other structure which, in the opinion of Lessor, would limit the usefulness of the Airport, constitute a hazard to aircraft or diminish the capability of existing or future aviation or navigational aids used at the Airport.

9.2. Lessor reserves the right to close temporarily the Airport or any of its facilities for maintenance, improvements, safety or security of either the Airport or the public, or for any other cause deemed necessary by Lessor. In this event, Lessor shall in no way be liable for any damages asserted by Lessee, including, but not limited to, damages from an alleged disruption of Lessee's business operations.

9.3. This Lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States Government which relates to the operation or maintenance of the Airport and is required as a condition for the expenditure of federal funds for the development, maintenance or repair of Airport infrastructure.

9.4. During any war or national emergency, Lessor shall have the right to lease any part of the Airport, including its landing area, to the United States Government. In this event, any provisions of this instrument which are inconsistent with the provisions of the lease to the Government shall be suspended. Lessor shall not be liable for any loss or damages alleged by Lessee as a result of this action. However, nothing in this Lease shall

prevent Lessee from pursuing any rights it may have for reimbursement from the United States Government.

9.5. Lessor covenants and agrees that during the term of this Lease it will operate and maintain the Airport and its facilities as a public airport consistent with and pursuant to the Sponsor's Assurances given by Lessor to the United States Government through the Federal Airport Act; and Lessee agrees that this Lease and Lessee's rights and privileges hereunder shall be subordinate to the Sponsor's Assurances.

9.6. Lessee's rights hereunder shall be subject to all existing and future utility and drainage easements and rights-of-way granted by Lessor for the installation, maintenance, inspection, repair or removal of facilities owned or operated by electric, gas, water, sewer, communication or other utility companies. Lessee's rights shall additionally be subject to all rights granted by any ordinance or statute which allows utility companies to use publicly-owned property for the provision of utility services.

10. INSURANCE.

10.1. Types of Coverage and Limits.

Lessee shall procure and maintain at all times, in full force and effect, a policy or policies of insurance as specified in this Section 10, naming the City of Fort Worth as an additional insured and covering all risks related to the leasing, use, occupancy, maintenance, existence or location of the Premises. Lessee shall obtain the following insurance coverage at the limits specified herein:

- **Property:**

Fire and Extended Coverage on all improvements at full replacement cost limit;

- **Commercial General Liability:**

\$1,000,000 per occurrence,
including products and completed operations;

- **Automobile Liability:**

\$1,000,000 per accident, including, but not limited to, coverage on any automobile used in Lessee's operations on the Premises;

In addition, Lessee shall be responsible for all insurance to construction, improvements, modifications or renovations to the Premises and for personal property of its own or in its care, custody or control.

10.2. Adjustments to Required Coverage and Limits.

Providing Lessor imposes the same insurance requirements on each Lessee and/or Sub lessee located upon the airport with uses identical to those of this Lessee, Insurance requirements, including additional types of coverage and increased limits on existing coverages, are subject to change at Lessor's option and as necessary to cover Lessee's operations at the Airport. Lessee will accordingly comply with such new requirements within thirty (30) days following notice to Lessee.

10.3. Certificates.

As a condition precedent to the effectiveness of this Lease, Lessee shall furnish Lessor with appropriate certificates of insurance signed by the respective insurance companies as proof that it has obtained the types and amounts of insurance coverage required herein. Lessee hereby covenants and agrees that not less than thirty (30) days prior to the expiration of any insurance policy required hereunder, it shall provide Lessor with a new or renewal certificate of insurance. In addition, Lessee shall, at Lessor's request, provide Lessor with evidence that it has maintained such coverage in full force and effect.

10.4. Additional Requirements.

Lessee shall maintain its insurance with underwriters authorized to do business in the State of Texas. The policy or policies of insurance shall be endorsed to cover all of Lessee's operations at the Airport and to provide that no material changes in coverage, including, but not limited to, cancellation, termination, non-renewal or amendment, shall be made without thirty (30) days' prior written notice to Lessor.

11. INDEPENDENT CONTRACTOR.

It is expressly understood and agreed that Lessee shall operate as an independent contractor as to all rights and privileges granted herein, and not as an agent, representative or employee of Lessor. Lessee shall have the exclusive right to control the details of its operations and activities on the Premises and shall be solely responsible for the acts and omissions of its officers, agents, servants, employees, contractors, subcontractors, patrons, licensees and invitees. Lessee acknowledges that the doctrine of *respondeat superior* shall not apply as between Lessor and Lessee, its officers, agents, employees, contractors and subcontractors. Lessee further agrees that nothing herein shall be construed as the creation of a partnership or joint enterprise between Lessor and Lessee.

12. INDEMNIFICATION.

LESSEE COVENANTS AND AGREES TO, AND DOES HEREBY, INDEMNIFY, HOLD HARMLESS AND DEFEND LESSOR, ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS OR LAWSUITS FOR EITHER PROPERTY DAMAGE OR LOSS (INCLUDING ALLEGED DAMAGE OR LOSS TO LESSEE'S BUSINESS AND ANY RESULTING LOST PROFITS)

AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH THE USE, LEASING, MAINTENANCE, OCCUPANCY, EXISTENCE OR LOCATION OF THE PREMISES OR ANY IMPROVEMENTS THEREON, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LESSOR, ITS OFFICERS AGENTS, SERVANTS OR EMPLOYEES.

LESSEE SHALL BE LIABLE TO LESSOR FOR ANY AND ALL INJURIES OR DAMAGES TO AIRPORT PROPERTY, THE PREMISES OR ANY IMPROVEMENTS THEREON WHICH ARISE OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OR OMISSIONS OF LESSEE, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, SUBLESSEES OR INVITEES, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LESSOR, ITS SERVANTS, AGENTS OR EMPLOYEES.

LESSOR DOES NOT GUARANTEE POLICE PROTECTION TO LESSEE OR ITS PROPERTY. LESSOR IS OBLIGATED ONLY TO PROVIDE SECURITY ADEQUATE TO MAINTAIN LESSOR'S CERTIFICATION UNDER FAA REGULATIONS. LESSEE SHALL COMPLY WITH ALL APPLICABLE REGULATIONS OF THE FAA RELATING TO AIRPORT SECURITY. LESSEE SHALL PAY ALL FINES IMPOSED BY THE FAA ON LESSOR OR LESSEE RESULTING FROM LESSEE'S FAILURE TO COMPLY WITH SUCH FAA REGULATIONS OR TO PREVENT UNAUTHORIZED PERSONS OR PARTIES FROM THEIR OBTAINING ACCESS TO THE AIR OPERATIONS AREA OF THE AIRPORT FROM THE PREMISES.

13. TERMINATION.

In addition to termination rights contained elsewhere in this Lease, Lessor shall have the right to terminate this Lease as follows:

13.1. Failure by Lessee to Pay Rent, Fees or Other Charges.

If Lessee fails to pay any rent, fees or other charges due under this Lease, Lessor shall deliver to Lessee a written invoice and notice to pay the invoice within thirty (30) calendar days. If Lessee fails to pay the balance outstanding within such time, Lessor shall have the right to terminate this Lease immediately.

13.2. Breach or Default by Lessee.

If Lessee commits any breach or default, other than Lessee's failure to pay rent, Lessor shall deliver written notice to Lessee specifying the nature of such breach or default. Lessee shall have thirty (30) calendar days following such written notice to cure, commence to cure, adjust or correct the problem to the standard existing prior to the breach, and shall continue said efforts in a conscientious manner until said default is

cured. If Lessee fails to cure, or undertake to cure, the breach or default within such time period, Lessor shall have the right to terminate this Lease immediately

13.3. Lessee's Financial Obligations to Lessor upon Termination, Breach or Default.

If Lessor terminates this Lease for any non-payment of rent, fees or other charges or for any breach or default as provided in Sections 13.1 or 13.2 of this Lease, then subject to offsets for rents received by Lessor from Sub lessees subsequent to the breach, Lessee shall be liable for and shall pay to Lessor all rent due Lessor for the remainder of the term then in effect as well as all arrearages of rentals, fees and charges payable hereunder. In no event shall a reentry onto or reletting of the Premises by Lessor be construed as an election by Lessor to forfeit any of its rights under this Lease.

13.4. Rights of Lessor Upon Termination or Expiration.

Upon termination or expiration of this Lease, and any exercised option periods, title to all improvements on the Premises and all fixtures and other items attached to any structure on the Premises shall pass to Lessor. In addition, all rights, powers and privileges granted to Lessee hereunder shall cease and Lessee shall vacate the Premises. Within twenty (20) days following the effective date of termination or expiration, Lessee shall remove from the Premises all trade fixtures, tools, machinery, equipment, materials and supplies placed on the Premises by Lessee pursuant to this Lease. After such time, Lessor shall have the right to take full possession of the Premises, by force if necessary, and to remove any and all parties and property remaining on any part of the Premises. Lessee agrees that it will assert no claim of any kind against Lessor, its agents, servants, employees or representatives, which may stem from Lessor's termination of this Lease or any act incident to Lessor's assertion of its right to terminate or Lessor's exercise of any rights granted hereunder.

14. NOTICES.

Notices required pursuant to the provisions of this Lease shall be conclusively determined to have been delivered when (1) hand-delivered to the other party, its agents, employees, servants or representatives, or (2) deposited in the United States Mail, postage prepaid, addressed as follows:

To LESSOR:

For Rent:

CITY OF FORT WORTH
AVIATION DEPARTMENT
4201 N MAIN ST STE 200
FORT WORTH TX 76106-2749

CFW Spinks Airport
Spinks East Side Executive Hangars, Inc.
Page 12 of 30

For All Other Matters:

DEPT OF AVIATION
MEACHAM INTL AIRPORT
4201 N MAIN ST STE 200
FORT WORTH TX 76106-2749

To LESSEE:

DARRELL D. CLENDENEN
ATTORNEY AT LAW
367 PR 1400 W.
MORGAN, TX 76671

15. ASSIGNMENT AND SUBLETTING.

15.1. In General.

Lessee shall have the right to sublease portions of the Premises as provided by and in accordance with Section 7 of this Lease in the form, or in a similar form acceptable to the City, of "Hangar Sublease and Exclusive Occupancy Agreement" attached hereto as Exhibit "C" and incorporated herein for all purposes. Provided, however, that Lessee shall not assign, sell, convey, sublease or transfer any part or the entirety of its rights, privileges, duties or interests granted by this Lease without the advance written consent of Lessor.

15.2. Conditions of Approved Assignments and Subleases.

If Lessor consents to any assignment or sublease, all terms, covenants and agreements set forth in this Lease shall apply to the assignee or sublessee, and such assignee or sublessee shall be bound by the terms and conditions of this Lease the same as if it had originally executed this Lease. The failure or refusal of Lessor to approve a requested assignment or sublease shall not relieve Lessee of its obligations hereunder, including payment of rentals, fees and charges.

16. LIENS BY LESSEE.

Lessee acknowledges that it has no authority to engage in any act or to make any contract which may create or be the foundation for any lien upon the property or interest in the property of Lessor. If any such purported lien is created or filed, Lessee, at its sole cost and expense, shall liquidate and discharge the same within thirty (30) days of such creation or filing. Lessee's failure to discharge any such purported lien shall constitute a breach of this Lease and Lessor may terminate this Lease upon thirty (30) days' written notice. However, Lessee's financial obligation to Lessor to liquidate and discharge such lien shall continue in effect following termination of this Lease and until such a time as the lien is discharged.

17. TAXES AND ASSESSMENTS.

Lessee agrees to pay any and all federal, state or local taxes or assessments which may lawfully be levied against Lessee due to Lessee's use or occupancy of the Premises or any improvements or property placed on the Premises by Lessee as a result of its occupancy.

18. COMPLIANCE WITH LAWS, ORDINANCES, RULES AND REGULATIONS.

Lessee covenants and agrees that it shall not engage in any unlawful use of the Premises. Lessee further agrees that it shall not permit its officers, agents, servants, employees, contractors, subcontractors, patrons, licensees or invitees to engage in any unlawful use of the Premises and Lessee immediately shall remove from the Premises any person engaging in such unlawful activities. Unlawful use of the Premises by Lessee itself shall constitute an immediate breach of this Lease.

Lessee agrees to comply with all federal, state and local laws; all ordinances, rules and regulations of Lessor; all rules and regulations established by the Director of Airport Systems; and all rules and regulations adopted by the City Council pertaining to the conduct required at airports owned and operated by the City of Fort Worth, as such laws, ordinances, rules and regulations exist or may hereafter be amended or adopted. If Lessor notifies Lessee or any of its officers, agents, employees, contractors, subcontractors, licensees or invitees of any violation of such laws, ordinances, rules or regulations, Lessee shall immediately desist from and correct the violation.

19. NON-DISCRIMINATION COVENANT.

Lessee, for itself, its personal representatives, successors in interest and assigns, as part of the consideration herein, agrees as a covenant running with the land that no person shall be excluded from participation in or denied the benefits of Lessee's use of the Premises on the basis of race, color, national origin, religion, handicap, sex, sexual orientation or familial status. Lessee further agrees for itself, its personal representatives, successors in interest and assigns that no person shall be excluded from the provision of any services on or in the construction of any improvements or alterations to the Premises on grounds of race, color, national origin, religion, handicap, sex, sexual orientation or familial status.

Lessee agrees to furnish its accommodations and to price its goods and services on a fair and equal basis to all persons. In addition, Lessee covenants and agrees that it will at all times comply with any requirements imposed by or pursuant to Title 49 of the Code of Federal Regulations, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation and with any amendments to this regulation which may hereafter be enacted.

If any claim arises from an alleged violation of this non-discrimination covenant by Lessee, its personal representatives, successors in interest or assigns, Lessee agrees to indemnify Lessor and hold Lessor harmless.

20. LICENSES AND PERMITS.

Lessee shall, at its sole expense, obtain and keep in effect all licenses and permits necessary for the operation of its operations at the Airport.

21. GOVERNMENTAL POWERS.

It is understood and agreed that by execution of this Lease, Lessor does not waive or surrender any of its governmental powers.

22. NO WAIVER.

The failure of Lessor to insist upon the performance of any term or provision of this Lease or to exercise any right granted herein shall not constitute a waiver of Lessor's right to insist upon appropriate performance or to assert any such right on any future occasion.

23. VENUE AND JURISDICTION.

If any action, whether real or asserted, at law or in equity, arises on the basis of any provision of this Lease or of Lessee's operations on the Premises, venue for such action shall lie in state courts located in Tarrant County, Texas or the United States District Court for the Northern District of Texas, Fort Worth Division. This Lease shall be construed in accordance with the laws of the State of Texas.

24. ATTORNEYS' FEES.

In the event there should be a breach or default under any provision of this Lease and either party should retain attorneys or incur other expenses for the collection of rent, fees or charges, or the enforcement of performance or observances of any covenant, obligation or agreement, Lessor and Lessee agree that each party shall be responsible for its own attorneys' fees.

25. SEVERABILITY.

If any provision of this Lease shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

26. FORCE MAJEURE.

Lessor and Lessee shall exercise every reasonable effort to meet their respective obligations as set forth in this Lease, but shall not be held liable for any delay in or omission of performance due to force majeure or other causes beyond their reasonable control, including, but not limited to, compliance with any government law, ordinance or regulation, acts of God, acts of omission, fires, strikes, lockouts, national disasters, wars, riots, material or labor restrictions, transportation problems and/or any other cause beyond the reasonable control of Lessor or Lessee.

27. HEADINGS NOT CONTROLLING.

Headings and titles used in this Lease are for reference purposes only and shall not be deemed a part of this Lease.

28. ENTIRETY OF AGREEMENT.

This written instrument, including any documents attached hereto or incorporated herein by reference, contains the entire understanding and agreement between Lessor and Lessee, its assigns and successors in interest, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent it is in conflict with any provisions of this Lease. The terms and conditions of this Lease shall not be amended unless agreed to in writing by both parties and approved by the City Council of Lessor.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiples on this the 12th day of March, 2008.

CITY OF FORT WORTH:

By: T.M. Higgins
Assistant City Manager (ACTING)

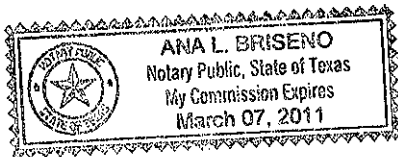
Date: 3/11/08

STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared T.M. Higgins, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the **City of Fort Worth** and that he executed the same as the act of the **City of Fort Worth** for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 11th day March, 2008.



Ana L. Briseño
Notary Public in and for the State of Texas

**APPROVED AS TO FORM
AND LEGALITY:**

By: M. B. Farmer
Mareshia B. Farmer
Assistant City Attorney

ATTEST:

By: Marty Hendrix
Marty Hendrix
City Secretary

Contract Authorization:

M&C: C-22703
Date Approved: 3/14/08

**SPINKS EAST SIDE EXECUTIVE
HANGARS, INC.**

ATTEST:

By: _____

Darrell Clendenen
President

By: _____

Date: _____

2/19/08

STATE OF TEXAS

§

COUNTY OF _____

§

**see attached*

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **Darrell Clendenen**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of **Spinks East Side Executive Hangars, Inc.** and that s/he executed the same as the act of **Spinks East Side Executive Hangars, Inc.** for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day
_____, 200____.

Notary Public in and for the State of Texas

ACKNOWLEDGMENT

State of California
County of Riverside

On February 19, 2008 before me, Nicole A. Clark, Notary Public
(insert name and title of the officer)

personally appeared Darrell Clendenen
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in
his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

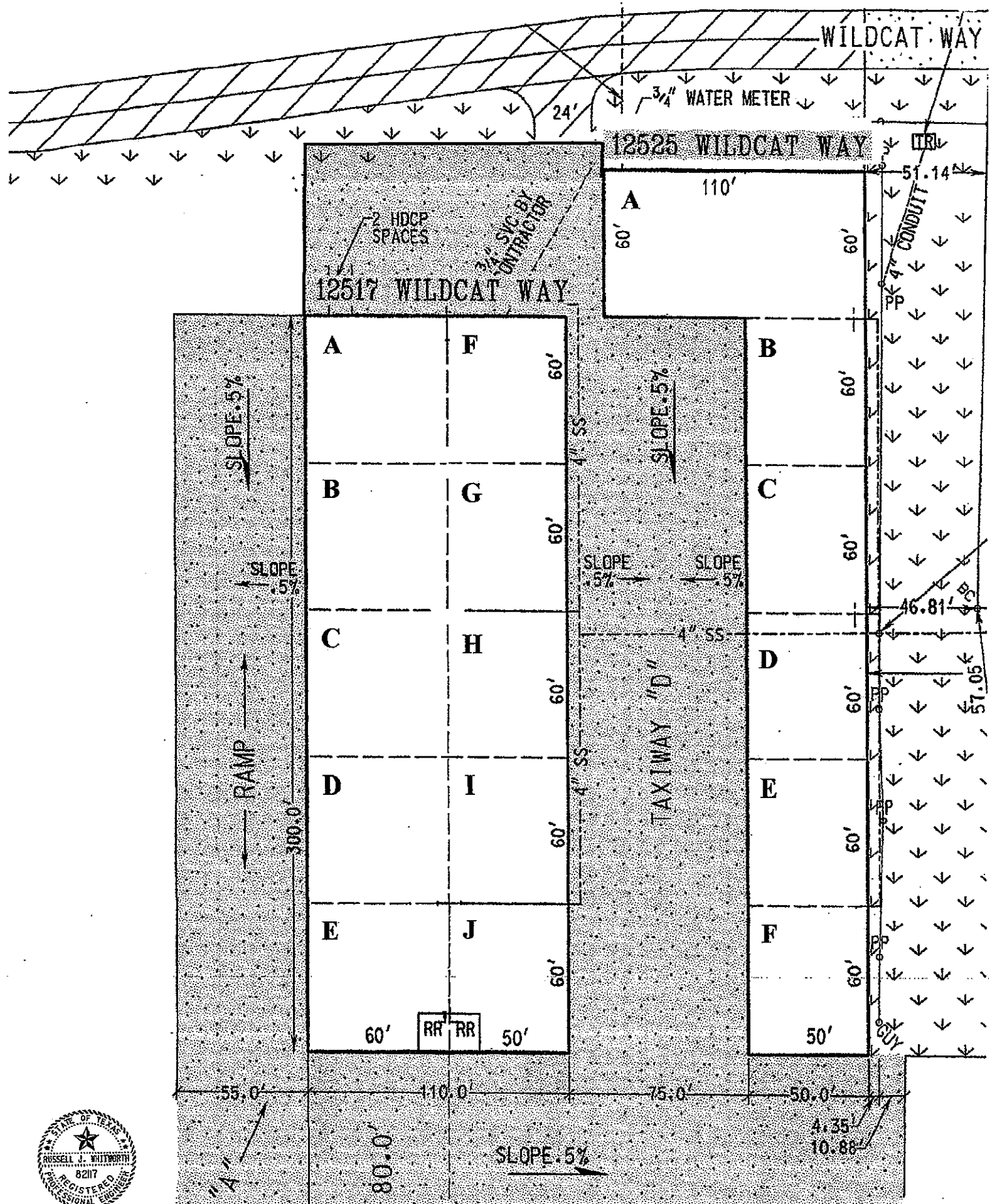
WITNESS my hand and official seal.

Signature Nicole A. Clark (Seal)



EXHIBIT “A”

SPINKS EAST SIDE EXECUTIVE HANGARS - EXHIBIT "A"



A SURVEY OF A PORTION OF FORT WORTH SPINKS AIRPORT

LEGAL DESCRIPTION:

BEING a Tract of Land Situated in the Hiram Little Survey, Abstract No. 930, and Being a Portion of Block 4, of the Fort Worth Spinks Airport, Cabinet A, Slide 353, Plot Records, Tarrant County, Texas, and Being More Particularly Described by Metes and Boundaries as Follows;

BEGINNING at a Point From Which SPINKS CONTROL MONUMENT NO. 3 Bears North 89°59'44" West 2,319.50 Feet and South 00°00'16" West 332.95 Feet;

THENCE North 00°03'07" East, 300.00 Feet to a Point;

THENCE North 89°56'53" West, 60.00 Feet to a Point;

THENCE North 00°03'07" East, 60.00 Feet to a Point;

THENCE South 89°56'53" East, 110.00 Feet to a Point;

THENCE South 00°03'07" West, 360.00 Feet to a Point;

THENCE North 89°56'53" West, 50.00 Feet to the **POINT OF BEGINNING** and containing 21,600 Square Feet of Land, More or Less.

SCALE: 1" = 60'

NOTE:
COORDINATES AND BEARINGS SHOWN HEREON ARE ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 1927. DISTANCES SHOWN HEREON ARE GROUND DISTANCES. TO CONVERT TO GRID DISTANCES MULTIPLY BY THE COMBINED GRID AND ELEVATION FACTOR OF 0.9996699.

FORT WORTH SPINKS AIRPORT
BLOCK 4
CABINET "A" SLIDE 353

FLOOD PLAIN NOTE:
ACCORDING TO THE FLOOD INSURANCE RATE MAP NO. 48439C0635 H REVISED 08-02-1995, THIS LOT APPEARS TO BE IN "ZONE X" AREAS DETERMINED TO BE OUTSIDE 500 YEAR FLOOD-PLAIN.

HIRAM LITTLE SURVEY
ABSTRACT NO. 930

P.O.B.

N89°59'44"W 2,319.50'

S00°00'16"W
332.95'

SPINKS CONTROL
MONUMENT NO. 3
(X=2,058,086.96)
(Y=329,350.90)

N00°00'16"E
2,200.02'
(2,199.99')

SPINKS CONTROL
MONUMENT NO. 2
(X=2,058,086.79)
(Y=327,151.16)

I, MATT POWELL, REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON ACCURATELY REPRESENTS THE PROPERTY AS DETERMINED BY AN ON THE GROUND SURVEY MADE UNDER MY DIRECTION AND SUPERVISION. THERE ARE NO ENCROACHMENTS OR PROTRUSIONS, EXCEPT AS SHOWN, AND ALL CORNERS ARE AS SHOWN.



Matt Powell
MATT POWELL
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NO. 5544
DATED: 04-26-05



() DENOTES RECORD DATA

DATE: 04-26-05 DRAWN: W.B. CHECKED: M.P. FLS NO 2005001-02

12525 WILDCAT WAY
FT. WORTH, TX

SHT. NO.
1 OF 1

A SURVEY OF A PORTION OF FORT WORTH SPINKS AIRPORT

LEGAL DESCRIPTION:

BEING a Tract of Land Situated in the Hiram Little Survey, Abstract No. 930, and Being a Portion of Block 4, of the Fort Worth Spinks Airport, Cabinet A, Slide 353, Plat Records, Tarrant County, Texas, and Being more Particularly Described by Metes and Bounds as Follows:

BEGINNING at a Point From Which SPINKS CONTROL MONUMENT NO. 3 Bears North 89°59'44" West 2,139.93 Feet and South 00°00'16" West 333.99 Feet;

THENCE North 00°16'16" West, 300.00 Feet to a Point;

THENCE South 89°43'44" East, 110.00 Feet to a Point;

THENCE South 00°16'16" East, 300.00 Feet to a Point;

THENCE North 89°43'44" West, 110.00 Feet to the **POINT OF BEGINNING** and containing 33,000 Square Feet of Land, More or Less.

NOTE:

COORDINATES AND BEARINGS SHOWN HEREON ARE ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 1927, DISTANCES SHOWN HEREON ARE GROUND DISTANCES. TO CONVERT TO GRID DISTANCES MULTIPLY BY THE COMBINED GRID AND ELEVATION FACTOR OF 0.9998699.

FLOOD PLAIN NOTE:
ACCORDING TO THE FLOOD INSURANCE RATE MAP NO. 48438C0535 H REVISED 08-02-1955, THIS LOT APPEARS TO BE IN "ZONE X" AREAS DETERMINED TO BE OUTSIDE 500 YEAR FLOOD-PLAIN.

FORT WORTH SPINKS AIRPORT
BLOCK 4
CABINET "A" SLIDE 353

HIRAM LITTLE SURVEY
ABSTRACT No. 930

P.O.B.

N89°59'44"W 2,139.93'

N89°43'44"E

110.00'

33,000 SQ. FT.
HANGAR 5

N00°16'16"W 300.00'

S00°16'16"E 300.00'

SCALE: 1" = 60'

S00°00'16"W
333.99'

SPINKS CONTROL
MONUMENT NO. 3
(X=2,058,086.96)
(Y=329,350.90)

N00°00'16"E
2,200.02'
(2,199.99')

SPINKS CONTROL
MONUMENT NO. 2
(X=2,058,086.79)
(Y=327,151.16)

DFW
Geodesy

I, MATT POWELL, REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON ACCURATELY REPRESENTS THE PROPERTY AS DETERMINED BY AN ON THE GROUND SURVEY MADE UNDER MY DIRECTION AND SUPERVISION. THERE ARE NO ENCROACHMENTS OR PROTRUSIONS, EXCEPT AS SHOWN, AND ALL CORNERS ARE AS SHOWN.



Matt Powell

MATT POWELL
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NO. 5544

DATED: 04-26-05

() DENOTES RECORD DATA

12517 WILDCAT WAY
FT. WORTH, TX

SHT NO.
1 OF 1

DATE: 04-26-05

DRAWN: W.B.

CHECKED: M.P.

MLS JOB NO. 2005001-03

EXHIBIT "B"

CONSENT TO HYPOTHECATION

The CITY OF FORT WORTH, hereinafter referred to as "LESSOR" and SPINKS EAST SIDE EXECUTIVE HANGARS, INC, hereinafter referred to as "LESSEE", entered into an Airport Unimproved Ground lease Agreement dated _____, hereinafter referred to as "Lease", covering certain real property located in the City of Fort Worth, State of Texas, hereinafter referred to as "Premises".

By use of the following documents which are attached hereto and made a part hereof, and hereinafter collectively referred to as "Documents", LESSEE proposes to hypothecate its leasehold estate created under said Lease:

These documents are for financing related to leasehold development of said Demised Premises.

On this _____ day of _____, _____.

LESSOR hereby consents to the execution, delivery, and recordation of the above stated documents subject to the following terms and conditions:

1. That _____, hereinafter referred to as "LENDER", shall fully reconvey all interest in said real property upon repayment of the loan described in the loan document since the sole purpose of the hypothecation of the subject leasehold estate is to secure the loan amount for LENDER.
2. Except as otherwise provided herein, the above-referenced documents and any other future additional instruments which may be approved by LESSOR or its agents, shall be subject to each and every covenant, condition, and restriction set forth in said Lease, and to all rights and interest of the LESSOR therein, none of which are or shall be waived by this Consent.
3. In the event of any conflict between the provisions of said Lease and the provisions of said documents, the provisions of said Lease shall control.
4. Any additions or modifications to said financing documents shall first be approved by the LESSOR. LESSEE warrants that all documents and agreements pertaining to the hypothecation of its leasehold have been fully disclosed to LESSOR.
5. The proceeds of the loan to LESSEE shall be used solely for payment of expenses incident to construction on the Mandatory Improvements to the Premises under paragraph 4, CONSTRUCTION AND IMPROVEMENTS, of the Lease and described in the loan documents.

EXHIBIT "C"

SPINKS AIRPORT, FORT WORTH, TEXAS **HANGAR SUBLEASE AND EXCLUSIVE OCCUPANCY AGREEMENT**

THIS SUBLEASE AND EXCLUSIVE OCCUPANCY AGREEMENT (the "Sublease") is made by and between SPINKS EASTSIDE EXECUTIVE HANGARS, INC. A TEXAS CORPORATION ("Sublessor") and _____ ("Sublessee"), and

WHEREAS, On October _____, 2007 Sublessor as the Lessee entered into a Ground Lease with Mandatory Improvements (hereinafter "the Master Lease") with the City of Fort Worth in the State of Texas (hereinafter "Lessor"). The real property which is the subject of the Master Lease consists of a ground lease and two (2) multi-unit aircraft storage hangar buildings constructed thereon located at Spinks Airport in the City of Fort Worth, State of Texas commonly known and referred to as 12517 and 12525 Wildcat Way N., Fort Worth in the State of Texas (hereinafter collectively referred to as the "Hangar Units"; and

WHEREAS, The aircraft storage building known and referred to as 12517 Wildcat Way N. Fort Worth, (described in Exhibit A attached hereto), consists of ten (10) individual hangars identified as units A-J, and the aircraft storage building which is known and referred to as 12525 Wildcat Way North, Fort Worth, (described in *Exhibit "A"*), consists of six (6) individual hangars identified as units A-F; and

WHEREAS, It is a condition precedent to the execution of any sublease agreement covering any individual hangar described in the Master Lease that a Sublessee own one (1) share of no par common stock (hereinafter "Common Stock") in the Sublessor for each Hangar Unit covered by the Sublease, and that the Sublessee retain ownership of said stock during the entire term of the Sublease, and that the Sublessee comply with the terms and conditions set forth in the bylaws of the Sublessor (hereinafter "Bylaws") in all matters relating to the ownership of the stock and/or the occupancy of the Hangar Unit covered by the Sublease; and

WHEREAS, It is a condition precedent to the validity and enforceability of the Sublessees' rights, if any, in and to a sublease agreement with the Sublessor that the Sublessee own Common Stock in Sublessor and comply with each of the provisions in this Sublease and the Bylaws of the Sublessee.

NOW, THEREFORE, for adequate consideration given and received by the Sublessor and Sublessee, the receipt of which is hereby acknowledged, and in further consideration of the mutual promises contained herein, the Sublessor hereby subleases to the Sublessee, and the Sublessee hires and takes from the Sublessor, the aircraft hangar identified as Hangar Unit _____, 12_____ Wildcat Way N., Fort Worth, State of Texas under the following terms and conditions:

Section 1. Demise and Description of Property. Sublessor leases to Sublessee and Sublessee leases from Sublessor, the real property containing approximately three thousand (3,000) square feet (the "Premises") known and referred to as Hangar _____, 12525 Wildcat Way N. Fort Worth, Texas, more fully described in *Exhibit "A"*, attached and incorporated herein

by reference. The Premises which are the subject of this Sublease represent fifteen percent (15%) of the real property held by Sublessor pursuant to the terms and conditions of the Master Lease

Section 2. Term. The initial Sublease term shall commence upon execution of this Sublease, and end on October 31, 2037 (the "Term"). The Term of this Sublease and any extension thereto, shall run concurrently with the term of the Master Lease.

Section 3. Rent. For the Term of this Sublease, Sublessee will pay to Sublessor as rent for the Premises, Sublessee's prorata share of the rent paid by Sublessor to the City of Fort Worth. Said rent is currently \$2,495.34 annually, payable monthly at the rate of \$207.94 per month, and may be adjusted upward or downward as more fully provided in the Master Lease.

Section 4. Use of Premises. Sublessee will use the premises only for aviation purposes specified in the Master Lease and for uses normally incident to such purposes.

Section 5. Assumption Agreement and Covenants.

(a) Sublessee will comply with all the provisions of the Master Lease that are to be performed by the Sublessor as Lessee during the Term of this Sublease, however the rent provisions of the Master Lease will not apply to Sublessee. Paragraph 3, above, governs Sublessee's payment of rent.

(b) If the Master Lease is canceled or terminated before its expiration date and before the expiration date of this Sublease or any extensions and renewals or the Master Lease is surrendered, whether voluntarily, involuntarily, or by operation of law, Sublessee will make full attornment to the Lessor for the balance of the Term, including any extensions and renewals, based on the same covenants and conditions of this Sublease, so as to establish direct privity of estate and contract between the Lessor and Sublessee, with the same force as though this Sublease was originally made directly from the Lessor to the Sublessee. Sublessee will then make all rent payments directly to Lessor. Sublessor represents that the Lessor has covenanted that, if the Master Lease expires or is canceled, terminated, or surrendered, the Lessor will accept the Sublessee, its successors and assigns, as its Lessee for a period equal to the full un-elapsed portion of the Term of this Sublease, including any extensions and renewals, and based on the same covenants and conditions of this Sublease. The Lessor under the Master Lease will then become the Lessor under this Sublease.

(c) The provisions of the Master Lease, to the extent that they do not conflict with specific provisions of this Sublease and Sublessor's Bylaws, and to the extent that such provisions apply to the Premises, are fully incorporated into this Sublease. The Sublessee agrees to be bound to the Sublessor by the Master Lease and the Sublessor's Bylaws and to assume toward Sublessor the same role and perform all of the obligations and responsibilities that Sublessor by the Master Lease assumes toward the Lessor as to the Premises, except for Sublessor's paying rental to the Lessor as the Master Lease provides. The relationship between the Sublessee and Sublessor under this Sublease is the same as that between the Sublessor and the Lessor under the Master Lease.

(d) Notwithstanding anything contained in this Sublease to the contrary, should a court of competent jurisdiction determine Sublessor has defaulted under the terms of this Sublease and the default is deemed incurable, Sublessee, may at any time thereafter, at the

Sublessee's sole discretion, require Sublessor to assign a portion of the Master Lease relating to the Premises to Sublessee. Following such assignment, this Sublease shall terminate and be of no further force and effect. Notwithstanding the default by Sublessor, Sublessee shall comply with the provisions and restriction set forth in Article V, Sections 10 and 11 of Sublessor's Bylaws, which are incorporated herein by reference as if set forth in their entirety.

Section 6. MONTHLY CARRYING CHARGES

(a) Commencing at the time indicated in Section 2 hereof, the Sublessee agrees to pay to the Sublessor a monthly sum referred to herein as "Carrying Charges" equal to one-twelfth (1/12) of the Sublessee's proportionate share of the sum required by the Sublessor, as estimated by the Board of Directors to meet its annual expenses, including but not limited to the following items:

- (i) The cost of all operating expenses of the Premises and services furnished, including any charges imposed upon the Sublessor pursuant to the Master Lease Agreement;
- (ii) The cost of management and administration, whether or not the management or service is provided by the Sublessor pursuant to a contract between the Sublessor and a third party. The third party rendering the management and administration services may, or may not, be an officer or director or affiliated with, an officer or director of the Sublessor. Notwithstanding anything to the contrary herein the charges and fees for management and administration shall not exceed the customary fees and charges for the same or similar services rendered by other professionals within the same geographic area;
- (iii) The amount of all taxes and assessments levied against the Sublessor under the terms of the Master Lease or which it is required to pay, except that in the event the taxing authority makes a separate assessment as to the assessed value of each aircraft Hangar Unit covered by the Master Lease, the proportionate share of taxes to be paid as to the Premises shall be determined by the ratio of the assessed value of the Premises to the total assessed value of all aircraft Hangar Units included in the Master Lease, the Sublessee agrees to and shall pay the amount of said taxes determined by the taxing authority for the said Sublessee's Premises, which shall be included in the "carrying charges" hereinabove referred to, in said amount as separately determined for the Premises by the Sublessor;
- (iv) The cost of fire and extended insurance on the Hangar Units and such other insurance as the Sublessor may effect or as may be required by the Master Lease or under any mortgage on the project;
- (v) The cost of furnishing water, electricity, garbage and trash collection, and any other utilities to the extent furnished by the Sublessor (See Section 8);
- (vi) All reserves set up by the Board of Directors, including the general operating reserve and the reserve for replacements;
- (vii) The estimated cost of repairs, maintenance and replacement of the real and personal property to be made by the Sublessor. The obligation of the Sublessor to

make repairs, maintain and replace the Hangar Units shall be limited to the exterior of the Hangar Units covered by the Master Lease. The interior of the Premises, including the operating mechanism for the bi-fold door, and the components contained therein shall be maintained and repaired by the Sublessee with the exclusive right to occupy said unit.

- (viii) Any other expenses of the Sublessor, including operating deficiencies, if any, for prior periods;
- (ix) The Sublessor shall determine the Carrying Charges from time to time. Said sum shall be estimated on an annual basis and divided by the number of months remaining in the then current fiscal year; but in no event shall the Sublessee be charged with more than his proportionate share thereof as determined by the Sublessor. Until further notice from the Sublessor, the Carrying Charges for the above-mentioned aircraft Hangar Unit shall be \$_____;
- (x) Sublessee shall commence the payment of Carrying Charges thirty (30) days following written notice from the Sublessor to the Sublessee that the Premises is available for occupancy, or upon acceptance of occupancy, whichever is earlier, the Sublessee shall pay the payment for Carrying Charges covering the unexpired balance of the month in which notice was given or occupancy occurred. Thereafter, the Sublessee shall pay Carrying Charges each month in advance; and
- (xi) The Sublessor agrees on its part that, in the discretion of the Sublessor, the Sublessor may within ninety (90) days after the end of each fiscal year either refund or credit to the Sublessee's account, the Sublessee's proportionate share of carrying charges that were collected in anticipation of expenses which are in excess of the amount actually paid for expenses of all kinds, including reserves

Section 7. Management and Insurance. Notwithstanding the Sublessor's rights and obligations to provide the necessary management, operation and administration of the Hangar Units; and to be paid for said services and the Sublessor's covenant to provide for the payment of all assessments levied against the project, and to secure insurance covering the buildings and improvements to the leased land and the general liability of the Sublessor with regards to the Master Lease, the Sublessor **will not**, however, under any circumstances, provide liability or personal property insurance coverage which would cover the personal property or activities of a member and/or a member's invitee or the interior of the Premises or on his personal property stored therein. Furthermore, the Member herein agrees to hold Sublessor, its agents, officers, directors, attorneys, heirs, and successors harmless and to indemnify each of them from any loss or costs whatsoever, which may arise as a result of any action or inaction by Sublessee and/or his agent, guest or invitee relating to the use of the Premises or any aircraft or personal property that may be used by the Sublessee or is stored in the Premises.

Section 8. Furniture and Fixtures. All furniture and fixtures and equipment placed in the Premises by Sublessee will remain Sublessee's property. Sublessee may, when the Term of this Sublease expires, remove the furniture and fixtures, if removal is done so as not to damage the Premises.

Section 9. Assignment and Subletting.

(a) Sublessee's acquisition and ownership of one (1) share of common stock in Sublessor for each Hangar Unit covered by this Sublease is a covenant that runs with the Lease and therefore is an express condition to the enforceability by Sublessee of any and all rights and privileges under this Sublease and Exclusive Occupancy Agreement. Notwithstanding anything herein to the contrary, Sublessee will not assign this Sublease or sublease the Premises or any part thereof without complying with Article V, Sections 10 and 11 of Sublessor's Bylaws as adopted by the Sublessor without Sublessor's prior written consent, which may not be unreasonably withheld.

(b) Notwithstanding subparagraph (a) above, this Sublease may be assigned, or the Premises sublet to any corporation into, or with which, Sublessee may be merged or consolidated or to any corporation that is a majority-owned subsidiary, parent, or affiliate of Sublessee.

(c) If there is an assignment approved by Sublessor after compliance with Article V of the Bylaws of Sublessee, the assignee must acquire the common stock in Sublessor, which is owned by Sublessee as required under the terms of this Sublease and the Bylaws of Sublessor and the assignee must agree in writing to assume all the terms and covenants of this Sublease and the Bylaws of the Sublessor to be performed by Sublessee. A duplicate original of that agreement will be delivered to Sublessor within ten (10) days following the date of its execution or its effective date, whichever is earlier

(d) Violation of this provision shall, at the option of the Sublessor, result in termination and forfeiture of the Sublessee's rights under this agreement. As a condition to the approval of any sublease the rents payable under any sublease shall be assigned to the Sublessor and the sublease shall be delivered to the Sublessor, and the Sublessor shall be irrevocably empowered to collect rents and apply the rents in reduction of sums due from time to time under this agreement.

(e) The sublease shall be in a form acceptable to the Sublessor, shall require the subtenant to abide by the terms of this Sublease and Occupancy Agreement during his subtenancy, and shall give to the Sublessor irrevocable power to dispossess or otherwise act for the Sublessee in case of default under the subtenancy Agreement.

Section 10. Utilities. All electrical usage, and phone, shall be metered by Sublessee directly with such companies.

Section 11. Definition of Default By Sublessee and Effect Thereof.

(a) It is hereby mutually agreed that at any time after the happening of any of the events specified in Clauses (i) to (xi) inclusive of this Article, the Sublessor shall give to the Sublessee a notice that the Sublessee's right to occupy under this agreement will expire and the Sublease will be terminated at a date not less than thirty (30) days thereafter (except that in the case of the default specified in Clause (viii) of this Article, such date in the notice shall be (10) ten days instead of (30) thirty days), the Sublessee's right to occupy the Premises under this agreement will expire on the date so fixed in such notice, unless in the meantime the default has been cured in a manner deemed satisfactory by the Sublessor, it being the intention of the parties hereto to create hereby conditional limitations, and it shall thereupon be lawful for the Sublessor to re-enter the Premises and to remove all persons and personal property therefrom, either by summary dispossess proceedings or by suitable action or proceeding at law or in

equity or by any other proceedings that may apply to the eviction of the occupants or by force or otherwise, and to repossess the Premised in its former state as if this agreement had not been made:

- (i) In case at any time during the Term of this agreement the Sublessee shall cease to be the owner and legal holder of the aforesaid common stock of the Sublessor;
- (ii) In case the Sublessee attempts to transfer or assign this agreement in a manner inconsistent with this Sublease and/or the provisions of the Bylaws;
- (iii) In case at any time during the continuance of this agreement the Sublessee shall be declared a bankrupt under the laws of the United States;
- (iv) In case at any time during the continuance of this agreement a receiver of the Sublessee's property shall be appointed under any of the laws of the United States or of any State;
- (v) In case at any time during the continuance of this agreement the Sublessee shall make a general assignment for the benefit of creditors;
- (vi) In case at any time during the continuance of this agreement any of the stock of the Sublessor owned by the Sublessee shall be duly levied upon and sold under the process of any Court;
- (vii) In case the Sublessee fails to effect and/or pay for repairs and maintenance as provided for in Section 6 hereof;
- (viii) In case the Sublessee shall fail to pay any sum due pursuant to the provisions of Section 3 or Section 6 hereof;
- (ix) In case the Sublessee fails to pay any charge which, if not paid, could become a lien against the Premises;
- (x) In case the Sublessee, without the prior written approval of the Sublessor, permits an occupant or occupants to occupy the Premises;
- (xi) In case the Sublessee shall default in the performance of any of his obligations under this agreement the Master Lease and/or the Bylaws of the Sublessor.

(b) The Sublessee hereby expressly waives any and all right of redemption in case he shall be dispossessed by judgment or warrant of any Court or judge: the words "enter", "re-enter", and "re-entry", as used in this agreement are not restricted to their technical legal meaning, and the event of a breach or threatened breach by the Sublessee of any of the covenants or provisions hereof, the Sublessor shall have the right of injunction and the right to invoke any remedy allowed at law or in equity, as if re-entry, summary proceedings, and other remedies were not herein provided for.

(c) The Sublessee expressly agrees that there exists under this Sublease and Occupancy Agreement a landlord-tenant relationship and that in the event of a breach or threatened breach by the Sublessee of any covenant or provision of this agreement, there shall

be available to the Sublessor such legal remedy or remedies as are available to a landlord for the breach or threatened breach under the laws of the State of Texas by a tenant of any provision of a lease or rental agreement.

(d) Notwithstanding any other provisions of this agreement the Sublessee, in case he is in default hereunder, hereby expressly waives any and all notices and demands for possession as provided by the laws of the State of Texas.

(e) The failure on the part of the Sublessor to avail itself of any of the remedies given under this agreement shall not waive nor destroy the right of the Sublessor to avail itself of such remedies for similar or other breaches on the part of the Sublessee.

(f) Upon the occurrence of any event of default, Sublessor may, at its sole option terminate this Sublease and re-enter the Premises, with or without process of law using such force as necessary, and remove all persons and chattels.

(g) If Sublessee breaches this Sublease, Sublessor may immediately or at any time thereafter, without notice, cure the breach for the account and at the expense of Sublessee. If Sublessor at any time, by reason of the breach, must pay, or elects to pay, any sum of money or do any act that will require paying any sum of money, or must incur any expense, including reasonable attorney's fees, in instituting or prosecuting any action or proceeding to enforce Sublessor's rights under this Sublease, the sums paid by Sublessor will be considered additional rent and will be due from Sublessee to Sublessor on the first day of the month following payment of the respective sums or expenses.

(h) All Sublessor's rights and remedies enumerated in the Sublease are cumulative and will not exclude any other right or remedy allowed by law. These rights and remedies may be exercised and enforced concurrently, whenever necessary. If Sublessor is in default under this Sublease, Sublessor will have reasonable and adequate time to cure the default after written notice to Sublessor by Sublessee.

Section 12. Eminent Domain. If any public authority takes the whole or any part of the Premises under the power of eminent domain, then the Sublease Term will cease with respect to that part from the date that its possession is required for any public purpose, and the rent will be paid up to that day. If a portion of the Premises is taken so that the remaining portion will not be reasonably adequate for operating Sublessee's business after Sublessor completes such repairs or alternations as Sublessor is obligated to make, Sublessee may elect either to terminate this Sublease or remain in possession of the remainder of the Premises. In the latter event, the rent will be equitably adjusted to account for that portion of the Premises so taken. If Sublessee elects to remain in possession, all the Terms of this Sublease will continue in effect except for the rent, and Sublessor will at its own cost and expense make all necessary repairs or alterations to the building. Any money received by Sublessor as a result of a taking of the Premises under eminent domain that is not used by Sublessor to restore or repair the Premises shall be paid to Sublessee after deducting from said sum any and all money due Sublessor under the Sublease Agreement and the reimbursement of all cost incurred by Sublessor relating to the Eminent Domain proceedings.

Section 13. Sublessee to Comply With All Corporate Regulations. The Sublessee covenants that he will preserve and promote the cooperative ownership principles on which the Sublessor has been founded, abide by the Certificate of Filing, Bylaws, rules and regulations of

the Sublessor and any amendments thereto, and by his acts of cooperation with its other Sublessees bring about for himself and his co-Sublessees a safe environment and a peaceful enjoyment of the property rights of all Sublessees.

Section 14. Repairs and Alterations

(a) The Sublessee agrees to repair and maintain his Premises at his own expense as follows:

- (i) Any routine maintenance to the inside of the Premises and any repairs or maintenance to the exterior of the Premises necessitated by the members negligence or misuse; and
- (ii) Any redecoration of the interior of the Premises; and
- (iii) Any repairs or maintenance of all fixtures, appliances and other items within the interior surfaces of the perimeter walls, floors and ceiling of the Premises.

(b) The Sublessor shall provide and pay for all necessary repairs, maintenance and replacements to the exterior of the Hangar Unit and, except as specified in Clause (a) of this Section. The officers and employees of the Sublessor and/or the management company shall have the right to enter the Premises of the Sublessee in order to effect necessary repairs, maintenance, and replacements consistent with this agreement, and to authorize entrance for such purposes by employees of any contractor, utility company, municipal agency, or others, at any reasonable hour of the day and in the event of emergency at any time.

(c) The Sublessor shall have the right to make repairs at Sublessee's Expense. In case the Sublessee shall fail to effect the repairs, maintenance or replacements specified in this Section in a manner satisfactory to the Sublessor and pay for same, the latter may do so and add the cost thereof to the Sublessee's next month's Carrying Charge payment.

Section 15. ALTERATIONS AND ADDITIONS The Sublessee shall not, without the written consent of the Sublessor, make any structural alterations in the Premises, or in the water, electrical conduits, plumbing or other fixtures connected therewith, or remove any additions, improvements, or fixtures from the premises.

(a) The Sublessee shall not, without the prior written consent of the Sublessor, the Fire Department, EPA, and/or local planning department, use or store in his hangar any hazardous or flammable materials (other than fuel in aircraft and motor vehicles) or install or use in his aircraft Hangar Unit any paint booth or equipment or perform any activity which emits fumes or could annoy or create a hazard for any other Sublessees'. The Member agrees that the Sublessor may require the prompt removal of any such materials and/or equipment at any time, and that the Sublessees' failure to remove such equipment upon request shall constitute a default within the meaning of Section 10 of this agreement.

Section 16. Miscellaneous Provisions

(a) Texas Law to Apply. This Sublease will be construed under Texas law, and all obligations of the parties are performable in Tarrant County, Texas.

(b) Parties Bound. This Sublease will bind and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representative, successors, and assigns except as this Sublease otherwise specifies.

(c) Legal Construction. If any one or more of the provisions of this Sublease is for any reason held invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability will not affect any other provision of this Sublease, which will be construed as if it had never included the invalid, illegal, or unenforceable provision.

(d) Prior Agreements Superseded. This Sublease and the contract of sale executed contemporaneously with this Sublease, constitute the sole agreements of the parties and supersede any prior understandings or written or oral agreements between the parties respecting the subject matter.

(e) Attorney's Fees. If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret this Sublease, the prevailing party is entitled to recover reasonable attorney's fees from the other. The fees may be set by the court in the trial of the action or may be enforced in a separate action for that purpose, and the fees will be in addition to any other relief that may be awarded.

(f) Counterparts, One Agreement. This Sublease and all other copies of it, as they relate to the rights, duties, and remedies of the parties, will be considered one agreement. This Sublease may be executed concurrently in one or more counterparts, each of which will be considered an original, but all of which together will constitute one instrument.

(g) Notice. Unless this Sublease provides otherwise, any notice, tender, or delivery to be given by either party to the other may be effected by personal delivery in writing or by registered or certified mail, postage prepaid, return receipt requested, and will be considered received as of actual receipt.

(h) Time of Essence. Time is of the essence in this Sublease.

SUBLESSOR:

SPINKS EASTSIDE EXECUTIVE HANGARS, INC.

By: _____
Its: _____
367 PR 1400 W, Morgan, Texas 76671

SUBLESSEE:

By: _____

CFW Spinks Airport
Spinks East Side Executive Hangars, Inc.
Page 29 of 30

Its: _____

[ACKNOWLEDGMENTS]

STATE OF TEXAS)
)
COUNTY OF TARRANT)

 This instrument is acknowledged before me on the _____ day of
_____, 200____, by _____
_____, on behalf of said entity.

SEAL

Notary Public in and for the State of Texas

STATE OF TEXAS)
)
COUNTY OF TARRANT)

 This instrument is acknowledged before me on the _____ day of
_____, 200____, by _____
_____, on behalf of said entity.

SEAL

Notary Public in and for the State of Texas

City of Fort Worth, Texas
Mayor and Council Communication

COUNCIL ACTION: Approved on 3/4/2008

DATE: Tuesday, March 04, 2008

LOG NAME: 55SESE HGRS

REFERENCE NO.: **C-22703

SUBJECT:

Authorize Execution of a Ground Lease Agreement with Spinks East Side Executive Hangars, Inc., at Fort Worth Spinks Airport

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute a ground lease agreement with Spinks East Side Executive Hangars, Inc., for 54,600 square feet of existing aircraft storage hangars on the north east side of Fort Worth Spinks Airport.

DISCUSSION:

On February 24, 2004, (M&C L-13765) the City Council approved an unimproved ground lease with mandatory improvements with Spinks Air Associates, LLC at Fort Worth Spinks Airport, which is styled as City Secretary Contract No. 30198. This lease was later amended by City Secretary Contract No. 32139 to expand the leased premises from 86,633 square feet to 103,482 square feet and to revise the scope of the mandatory improvements. The mandatory improvements have been completed.

Mr. Darrell Clendenen, Managing Member of Spinks Air Associates, LLC, and Spinks East Side Executive Hangars, Inc., requests to remove 54,600 square feet from City Secretary Contract No. 30198 and execute a new ground lease under the name of Spinks East Side Executive Hangars, Inc., for the 54,600 square feet of two existing aircraft storage hangars.

The total square footage of the new ground will be 54,600 square feet at the rate of \$0.16 per square foot annually. Revenue generated from this lease will be \$728.00 per month, or \$8,736.00 annually. This is in accordance with the Aviation Department's Schedule of Rates and Charges.

The ground lease will be for thirty years with two five-year options to renew. The initial term of the lease will commence upon execution. The lease rate shall be subject to increase on October 1st of any given year to reflect any upward changes in the Consumer Price Index (CPI). All terms and conditions of the lease agreement will be in accordance with City and Aviation Department policies.

The property is located in COUNCIL DISTRICT 8.

FISCAL INFORMATION/CERTIFICATION:

The Finance Director certifies that the Revenue Section of the Finance Department will be responsible for the collection and deposit of funds due to the City under this Agreement.

TO Fund/Account/Centers

PE40 491352 0551201

FROM Fund/Account/Centers

\$8,736.00

Submitted for City Manager's Office by:

Tom Higgins (Acting) (6192)

Originating Department Head:

Kent Penney (5403)

Additional Information Contact:

Ryan Cox (5407)